

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 60 – HB 95

January 25, 2019

SUMMARY OF BILL: Exempts from state and local sales tax the sale of feminine hygiene products.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Net Impact – \$13,996,400

Decrease Local Revenue – Net Impact – \$5,711,500

Assumptions:

- The current state sales tax rate is 7.0 percent; the average local option sales tax rate is estimated to be 2.5 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- According to the U.S. Census Bureau, Population Division (Annual Estimates of the Resident Population by Single Year of Age and Sex, June 2018), there are approximately 1,814,978 women in Tennessee between the age of 15 and 55.
- Assuming that each woman spends approximately \$120 each year on feminine hygiene products, total sales of such products are estimated to be \$217,797,360 (1,814,978 x \$120).
- The recurring decrease in state sales tax revenue, beginning in FY19-20, is estimated to be \$14,694,374 $[(\$217,797,360 \times 7.0\%) - (\$217,797,360 \times 7.0\% \times 3.617\%)]$.
- The recurring decrease in local sales tax revenue, beginning in FY19-20, is estimated to be \$5,996,375 $[(\$217,797,360 \times 2.5\%) + (\$217,797,360 \times 7.0\% \times 3.617\%)]$.
- Fifty percent of tax savings, or \$10,345,375 $[(\$14,694,374 + \$5,996,375) \times 50\%]$, will be spent in the economy on other sales-taxable goods and services.
- The recurring increase in state sales tax collections is estimated to be \$697,983 $[(\$10,345,375 \times 7.0\%) - (\$10,345,375 \times 7.0\% \times 3.617\%)]$.
- The recurring increase in local sales tax collections is estimated to be \$284,827 $[(\$10,345,375 \times 2.5\%) + (\$10,345,375 \times 7.0\% \times 3.617\%)]$.
- The net recurring decrease in state revenue as a result of this legislation is estimated to be \$13,996,391 $(\$14,694,374 - \$697,983)$.
- The net recurring decrease in local revenue as a result of this bill is estimated to be \$5,711,548 $(\$5,996,375 - \$284,827)$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jdb